

## **MIAMI-DADE COUNTY**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND SCHEDULES OF PASSENGER FACILITY CHARGES**

**SEPTEMBER 30, 2000**

#### **(1) GENERAL**

Miami-Dade County, Florida (the "County") is an instrumentality of the State of Florida established by an amendment to the Florida State Constitution adopted May 21, 1957 as the Dade County Home Rule Charter, to carry on a centralized metropolitan government. The Mayor, an elected official, serves as head of the County government and as the presiding officer of the County Commissioners (the "Commissioners") with the authority to designate another member of the Commission to serve as presiding officer. The Commission, comprised of thirteen elected members, is responsible for the legislative and fiscal control of the County. The County Manager is responsible for the administrative and fiscal control of all County departments through the administration of directives and policies established by the Commission. The Mayor has the authority to appoint and remove the County Manager subject to Commission approval. The Mayor has veto authority over any legislative, quasi-judicial, zoning master plan or land use decision of the Commission, including the budget or any particular component contained therein which is approved by the Commission. The Commission may override a veto with a two-thirds vote of the Commissioners present.

#### **(2) SCOPE OF SINGLE AUDIT**

Federal grant awards have been audited in accordance with the Single Audit Act of 1984, as revised, and the provisions of the Federal Office of Management and Budget ("OMB") Circular A-133 (the "Single Audit") for program transactions occurring during the year ended September 30, 2000.

Federal awards passed through from the State of Florida as well as matching grants from the State of Florida are deemed susceptible to audit in accordance with the provisions of OMB Circular A-133. Final determination that the terms and conditions of the State of Florida grants have been complied with rests solely with the respective Florida grantor agencies.

During the year ended September 30, 2000, the County expended 75.4% of its total federal award under major federal programs. Pursuant to the Single Audit Act the auditor is responsible for identifying major programs by applying a risk-based approach, which focus the single audit on higher risk programs. Although the single audit is conducted on an organization wide basis, the audit is performed by several independent certified public accounting firms as identified in Exhibit I. The percentage of federal funds audited by each firm is as follows:

KPMG LLP	66.99%
Watson Rice LLP	31.14%
Ernst and Young LLP	1.87%
	<u>100.00%</u>

#### **(3) BASIS OF PRESENTATION**

The County records financial transactions for grants in numerous individual funds. The accompanying grant financial activity represents receipts and expenditures recorded by the County during the year ended September 30, 2000, and accordingly, does not include a full year's financial activity for grants awarded or terminated on dates not coinciding with the County's fiscal year. Unless otherwise noted, negative receipts and expenditures reflected within a specific grant financial statement represent a reallocation of financial transactions with similar grants from the same respective grantor agency. The accrued revenues and/or (deferred) revenue balances presented in the accompanying Schedules of Expenditures of Federal and State Awards reflect the disbursement and receipt of cash during the fiscal year 2000.

Grant awards designated for the acquisition of property and equipment, which are accounted for as equity contributions in the general purpose financial statements, are presented in the accompanying Schedules of Expenditures of Federal and State Awards as receipts and expenditures.

The majority of grant awards administered by the County are operated on a reimbursement basis. Various reimbursement procedures are used for such funds. Consequently, timing differences between expenditures and program reimbursements exist.

Several programs are funded jointly by County, State and Federal funds. Costs incurred in such programs are applied against Federal grant funds to the extent of grant award provisions and against State and County funds for the balance. Required matching State and County funds are reflected in the Schedules of Expenditures of Federal and State Awards.

#### **(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedules of Expenditures of Federal and State Awards present expenditures using the accrual basis of accounting. Expenditures are recorded when the related liabilities are incurred.

#### **(5) FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)**

The County experienced various disasters which include: Hurricane Andrew (1992), Storm of the Century (1993), Groundhog Day (1998), Hurricane Georges (1998), Hurricane Floyd (1999), Hurricane Irene (1999) and the No Name Storm (2000). Cost of repairs, renovation and clean up continue to be reimbursed through FEMA and State grants, insurance proceeds and general fund appropriations.

For the year ended September 30, 2000, expenditures were reported for items covered by both FEMA and insurance. The information reflected for the FEMA grant (grant award, expenditures, receipts) relates to approved damaged survey reports (DSR's) or project worksheets.

The FEMA Office of the Inspector General may conduct audits of certain hurricane related expenditures within three years of closing the project. However, it is management's opinion that no material liabilities will result from any potential audits.

#### **(6) U.S. ENVIRONMENTAL PROTECTION AGENCY ("EPA") PROGRAMS**

The Florida State Revolving Fund program was established to provide low interest loans for wastewater projects. Prior to January 4, 1998, the loans received under this program bore interest at 3.0 percent below the published market rate for tax-exempt bonds. Effective January 4, 1998, the interest rate was changed to 60 percent of the same published rate. The loans will be re-paid over twenty years. The loans have effective interest rates of approximately 3.3 percent. As this is a loan program, an accrued (deferred) revenue balance is not presented. The total loan commitment is reported in place of the grant award. Federal receipts and expenditures reflect activity in the loan balances. The aggregate outstanding balance of these loans at September 30, 2000 is approximately \$120,105,000.

The EPA Superfund program, authorized under Public Law 96-510, the Comprehensive Environmental Recovery and Liability Act, is charged with the administration of grants and cooperative agreements for the investigation and remediation of sites contaminated by various sources of pollution. Under this program, EPA is financing 41% of the costs to construct, operate and maintain air stripping facilities at the Department's Hialeah and J.E. Preston water treatment plants.

## **(7) SUBRECIPIENTS**

Certain program funds are passed through the County to subrecipient organizations. The Schedules of Expenditures of Federal and State Awards does not contain separate statements disclosing how the subrecipients outside of the County's control utilized these funds.

## **(8) FINDINGS OF NONCOMPLIANCE**

The findings of noncompliance identified in connection with the 1999 Single Audit are disclosed in the Schedule of Findings and Questioned Costs.

## **(9) PASSENGER FACILITY CHARGES**

Receipts consist of passenger facility fees and investment earnings on the restricted cash related to passenger facility charges. No expenditure was reported for the period. Unliquidated passenger facility charges represents the net of restricted cash and passenger facility fee receivables and accounts payable as of year end.

## **(10) GRANTS IN AID APPROPRIATION**

Florida Statute Section 216.349 and rules of the Auditor General, chapter 10.600, specify certain requirements for entities that receive state grant in aid appropriations. These grants are reflected in the County's Schedules of Expenditures of Federal and State Awards with a number (1) next to each grant.